

**TURNKEY
DECOMMISSIONING CONTRACT**

by and between

and

HOACTZIN PARTNERS, L.P

Dated _____, 2020

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TURNKEY DECOMMISSIONING CONTRACT

THIS TURNKEY DECOMMISSIONING CONTRACT is entered into effective as of this ____ day of _____, 2020, by and between _____, having its mailing address at _____, and Hoactzin Partners, L.P. (Hoactzin) having its mailing address at _____, Suite ____, Houston, Texas 77 ____.

WITNESSETH:

For and in consideration of the premises and the mutual covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

ARTICLE I. DEFINITIONS

As used in this Contract, each of the following terms has the meaning provided below.

- 1.1 “Additional Work” shall mean well P&A or facility decommissioning activities that are hereafter added to the scope of the Work or any further additions to the scope of the Work added after the date hereof.
- 1.2 “BOE” shall mean the Bureau of Ocean Energy Management (BOEM) and/or the Bureau of Safety and Environmental Enforcement (BSEE), and/or any successor agencies thereto, as applicable.
- 1.3 “Claims” shall mean any and all losses, liabilities, damages, obligations, expenses, fines, penalties, costs, claims, causes of action, judgments, awards and any and all other losses of any kind or character, including, without limitation, court costs and attorney’s fees.
- 1.4 “Company” shall mean, individually and collectively, Hoactzin Partners, L.P. (Hoactzin) as appropriate based on ownership of the applicable lease where the Work is being performed, and their respective successors and assigns.
- 1.5 “Company Group” shall mean, individually and collectively, Company, its parent, subsidiary and affiliated companies, its and their co-venturers, co-lessees, co-owners, joint venturers, working interest owners, contractors (other than any member of Contractor Group) and all of their respective employees, officers, directors, agents, representatives, attorneys-in-fact, subcontractors (of any tier), insurers and the subrogees of all such parties.
- 1.6 “Contract” shall mean this Turnkey Decommissioning Contract.
- 1.7 “Contract Sum” shall mean the aggregate amount to be paid to Contractor, as set forth in Contractor’s Bid Form, in consideration of the full and complete performance of the Work, subject to adjustment as appropriate under Section 2.3.

- 1.8 “Contractor” shall mean _____ and its successors and permitted assigns.
- 1.9 “Contractor Group” shall mean, individually and collectively, Contractor, its parent, subsidiary and affiliated companies, its and their, joint venturers, contractors and subcontractors (of any tier), and all of their respective employees, officers, directors, agents, representatives, attorneys-in-fact, subcontractors, insurers and the subrogees of all such parties.
- 1.10 “Contractor’s Bid Form” shall mean the Bid Form provided by Company and filled out and submitted by Contractor dated _____, 2020 for the performance of the Work, as such is attached hereto as Exhibit “B” and made a part hereof.
- 1.11 “Contractor’s Bid Proposal” shall mean any document provided by Contractor in addition to Contractor’s Bid Form. Contractor’s Bid Proposal will not become a part of this contract with the exception of Contractor’s Bid From.
- 1.12 “Decommissioning” when used alone shall mean to include both well plug and abandonment (P&A) and Facility decommissioning activities.
- 1.13 “Disclosing Party” shall have the meaning given such term in Section 10.2 hereof.
- 1.14 “Event of Default” shall mean any instance in which Contractor:
- a. neglects to supply a sufficiency of properly skilled workmen, materials, or equipment of the proper quality and quantity;
 - b. fails to prosecute the Work or any portion thereof in an efficient, workmanlike, skillful, diligent and careful manner; provided that the Events of Default described in this Section 1.13 shall not be deemed to be the standard by which to determine whether any Work has not been performed in an efficient, workmanlike, skillful, diligent or careful manner;
 - c. causes or permits to occur any spill or other environmental contamination or pollution, other than that for which Company is responsible pursuant to Section 8.2(C), which results, or is reasonably likely to result, in costs, expenses or liabilities in excess of \$500,000 in the aggregate;
 - d. suffers any member or members of the Contractor Group to have more than two (2) Lost Time Injuries during any sixty (60) calendar day period or one (1) fatality during the performance of the Work;
 - e. fails to comply, in any material respect, with any of the terms of this Contract;
 - f. fails to promptly pay all bills for labor and/or materials supplied by parties claiming by, through or under Contractor in connection with the performance of the Work and thereby causes or suffers a lien to be filed upon any property in

which Company has an interest;

- g. files or consents to any petition for bankruptcy or insolvency or similar remedy;
 - h. fails to cause any bankruptcy, insolvency, or similar proceeding to be stayed or dismissed within sixty (60) days after the filing thereof; and/or
 - i. is adjudged bankrupt or makes a general assignment for the benefit of creditors.
- 1.15 “Facilities” shall mean the platforms, facilities, structures, and pipelines described in Exhibit A attached hereto and made a part hereof, and all parts and components thereof.
- 1.16 “Facility Decommissioning” shall mean to include the maintenance of the platforms prior to removal, the preparation of the platforms for removal, the flushing and abandonment (and/or removal) of the pipelines, the removal of the platforms, and the site clearance surrounding the platforms.
- 1.17 “Lost Time Injury” shall mean when a person sustains a work-related injury which results in lost time from work past the day on which the injury was sustained.
- 1.18 “Non-Disclosing Party” shall have the meaning given such term in Section 10.2 hereof.
- 1.19 “NORM” shall mean naturally occurring radioactive materials.
- 1.20 “Notice” and “notice” shall mean any notice, request, direction or other communication permitted or required to be given by one Party to the other with regard to this Contract.
- 1.21 “On The Hook” shall mean the condition of any Facility (or any part, piece or component thereof) that occurs at the instant such Facility (or part, piece or component thereof, as the case may be) is first lifted from its original resting position and is hanging free on Contractor’s (or its subcontractor’s) crane or other equipment in accordance with the Work to be performed under this Contract.
- 1.22 “Party” shall mean either of Company or Contractor individually; and “Parties” shall mean Company and Contractor collectively.
- 1.23 “Retained Items” shall mean the equipment, facilities and other items specifically identified on Schedule 2.5 attached hereto and made a part hereof.
- 1.24 “Site Clearance Verification” shall mean the part of the Scope of Work conducted or obtained by or on behalf of Company, in accordance with applicable BOE regulations or standards, to determine whether the Wells and Facilities have been satisfactorily removed or abandoned and that all debris has been recovered by Contractor in accordance with this Contract.
- 1.25 “Special Claim(s)” shall mean any and all Claims for or relating to special, indirect, consequential, exemplary, incidental or punitive damages of any kind or character,

including, but not limited to, loss of use, loss of profit, loss of revenue, loss of product or production, reservoir damage, or loss of hole damage (due to blowout or cratering).

- 1.26 “Third Party” shall mean any individual, person, company or entity or any other natural or legal entity, other than any member of the Company Group or the Contractor Group.
- 1.27 “Transferred Items” shall mean the Facilities, equipment, materials, scrap metal, caissons, risers, tube turns, wellheads, tubing, casing, conductor and any and all other pieces, part or components thereof that are to be removed or abandoned in accordance with this Contract; provided, however, that the Transferred Items do not include the Retained Items, if any.
- 1.28 “Well” shall mean a well in any condition: dry hole, suspended, completed and shut-in, temporarily abandoned, remaining with casing, conductor, drive pipe, and/or caisson, or permanently abandoned at least 15 feet below mudline per BOE regulations. “Wells” shall mean any two or more Wells in any condition.
- 1.29 “Well P&A” shall mean well plug and abandonment (P&A) activities as described in the scope of work, approved procedures, regulatory requirements, and/or approved permits.
- 1.30 “Work” shall mean the work and activities, including the salvage and removal of the Facilities, to be conducted by or on behalf of Contractor pursuant to the terms and provisions of this Contract, as more fully described in Exhibit A.

ARTICLE II. WORK

2.1 Scope of Work.

Contractor shall perform the Work upon the terms and provision set forth in this Contract. The scope of the Work is more fully set forth in Exhibit “A” attached hereto and made a party hereof, and consists, in part, of Well P&A and Facility Decommissioning. Except as may be otherwise expressly provided in writing, all additional activities performed by Contractor shall be subject to the terms and conditions of this Contract, including, without limitation, the indemnity obligations set forth herein.

2.2 Inspection.

The Work and all parts thereof shall be subject to inspection at all reasonable times by inspectors designated by Company or its representatives. No such inspection shall relieve Contractor of any of its obligations hereunder. No failure to inspect or failure to discover any aspect of the Work that is not performed in accordance with any provision of this Contract shall be construed to imply any acceptance of such Work or to relieve Contractor of any of its obligations hereunder. Contractor shall correct, to the complete satisfaction of Company, any portion of the

Work that is incomplete or otherwise not in conformity with the requirements of this Contract or government regulations and policies, as determined by Company, in its sole, but reasonable discretion, by inspection or otherwise, including, without limitation, any deficient or non-conforming work identified pursuant to Section 3.3 below. Any such correction to be performed by Contractor in accordance with the foregoing sentence shall be performed on Contractor's account, and Company shall owe Contractor no additional compensation for such corrective work.

2.3 Changes.

Subject to Contractor's acceptance, Company may request Contractor to perform Additional Work. Upon Company's request for Additional Work, Contractor shall promptly advise Company in writing of Contractor's proposal for the adjustments, if any, in the compensation and the completion schedule attributable to such Additional Work. Prior to commencing any Additional Work, Company and Contractor shall agree in writing to the scope of the Additional Work. Any such Additional Work shall be performed by Contractor at the compensation agreed upon by the Parties, or, absent such agreement, at Contractor's day rates specified in Contractor's Bid Form. Except as may be otherwise expressly provided in writing, all Additional Work shall be subject to the terms and provisions of this Contract, including without limitation, the indemnity obligations set forth herein.

Company, at its sole option, may reduce the scope of the Work by providing Contractor with at least five (5) business day's advance written notice of the reduction. Upon any such reduction, the Contract Sum to be paid to Contractor hereunder shall be renegotiated in accordance with the reduced scope of the Work, taking into account the allocation of such Contract Sum as set forth on Contractor's Bid Form and Contractor's reduced ability to spread risk across a smaller set of activities.

2.4 Title.

Company grants, bargains, sells, conveys and assigns to Contractor, and Contractor accepts and assumes title to and ownership of the Transferred Items at such time as the Transferred Items are On The Hook. For the avoidance of doubt, the Parties expressly acknowledge and agree that the transfer of title to the Transferred Items shall occur at the instant when such Transferred Items (or part, piece or component thereof, as the case may be) is first lifted from its original resting position and is hanging free on Contractor's (or its subcontractor's) crane or other equipment. **THE TRANSFERRED ITEMS SHALL BE TRANSFERRED TO AND ACCEPTED BY CONTRACT, "AS IS, WHERE IS" WITH ALL FAULTS. COMPANY MAKES NO, AND EXPRESSLY DISCLAIMS ANY AND ALL, WARRANTIES CONCERNING THE TRANSFERRED ITEMS, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR USE, AND FREEDOM FROM DEFECTS, WHETHER SUCH DEFECTS ARE PATENT, LATENT, PRE-EXISTING, REDHIBITORY OR OTHERWISE. UPON SUCH TRANSFER OF OWNERSHIP OF THE TRANSFERRED ITEMS, CONTRACTOR SHALL BE SOLELY RESPONSIBLE FOR, AND SHALL ASSUME ALL RISK AND LIABILITY FOR SUCH TRANSFERRED ITEMS, INCLUDING, WITHOUT LIMITATION, ALL LIABILITY FOR TIE DOWN AND SEA FASTENING, SALVAGE**

IF LOST DURING TRANSPORT, REMOVAL AND DISPOSAL OF SUCH TRANSFERRED ITEMS AND ALL POLLUTION OR ENVIRONMENTAL CONTAMINATION ATTRIBUTABLE THERETO. The provisions of this Section 2.4 shall in no way limit Contractor's or Company's indemnity obligations set forth in Article VIII hereof.

2.5 Retained Items.

In accordance with the Work to be performed under this Contract, Contractor shall remove and transport the Retained Items from the material barge to its onshore storage yard. Such removal and transportation shall be charged to Company as part of Contractor's Bid. However, **CONTRACTOR SHALL BE SOLELY RESPONSIBLE FOR, AND SHALL ASSUME ALL RISK AND LIABILITY FOR SUCH RETAINED ITEMS, INCLUDING, WITHOUT LIMITATION, ALL LIABILITY FOR THE TIE DOWN AND SEA FASTENING AND SALVAGE, IF LOST DURING TRANSPORT, OF SUCH RETAINED ITEMS AND ALL POLLUTION OR ENVIRONMENTAL CONTAMINATION ATTRIBUTABLE THERETO UNTIL SUCH TIME AS THE RETAINED ITEMS ARE DELIVERED BY MATERIAL BARGE TO THE BULKHEAD AND TRANSFERRED FROM THE MATERIAL BARGE TO LAND.** Company shall be granted access to such onshore storage yard for the purpose of inspecting and removing such Retained Items. Company shall make arrangements to remove the Retained Items from Company's designated onshore storage yard at Company's sole cost.

2.6 Special Issues.

2.6.1 NORM, Asbestos, and Lead Paint.

Notwithstanding anything in this Contract to the contrary, the Work to be performed hereunder shall include the disposal of naturally occurring radioactive material (NORM) or asbestos attributable to the Wells or Facilities. Contractor shall notify Company promptly in writing if and when it encounters any NORM or asbestos in the performance of the Work, and Contractor shall thereafter inform Company of how Contractor intends to handle the same. Nothing in this Section 2.6.1 shall be interpreted to mean that Company shall have any responsibility for the wreck removal of any part or piece of the Facilities that may have NORM or asbestos.

However, notwithstanding the foregoing or anything in this Contract to the contrary, Contractor understands that the Work to be performed hereunder may involve contact with, or the removal of, lead-based paint. Nothing in this Section 2.6.1 shall be interpreted to mean that Company shall have any responsibility for the removal of any part or piece of the Facilities that may have or contain lead paint or for any personal injuries that may result therefrom; it being understood that, with regard to the Work, Contractor shall remain liable at all times for (i) complying with all applicable laws, rules, and regulations regarding working with, on, around, or in items containing lead-based paint and the removal thereof, including, but not limited to, maintaining a lead monitoring program for its workers, and (ii) any and all

personal injuries that may result, whether directly or indirectly, from any contact by Contractor or its subcontractors with such lead-based paint.

2.6.2 Production Equipment and Piping.

Contractor will clean and make gas-free all production equipment and piping at a Facility during Contractor's preparation of that Facility for abandonment and/or removal.

2.6.3 Well Control Event.

In the event that Contractor, during the performance of any Work, encounters any unexpected pressure (kick) or uncontrolled flow from a Well(s), Contractor shall immediately notify Company. Contractor will complete all verbal and written reports required by government agencies on behalf of Company. If Company cannot be reached, Contractor is to call Wild Well Control and begin emergency response immediately.

Company reserves the right in the case of a Well Control Event to demobilize Contractor and remobilize Contractor at a later date after Company resolves Well Control Event. Company will pay for Contractor's costs of demobilization and/or remobilization at the rates set forth in Contractor's Bid Form.

2.6.4 Wellbore Associated Flow

In the event that Contractor, during the performance of any Work, encounters any flow, pressure, bubbles, or oil sheen from a Well that is supposed to be temporarily abandoned or permanently abandoned, or if Contractor during the performance of any Work, encounters any flow, pressure, bubbles, or oil sheen from a Well after a mechanical or cement plug has been placed and waiting on cement time is complete, Contractor shall immediately notify Company. Contractor is not responsible under this contract to resolve any flow, pressure, bubbles, or oil sheen from a Well that was previously temporarily abandoned through the surface plug or permanently abandoned by Company or by others. If Contractor's progress is interrupted by flow, pressure, bubbles, or oil sheen from a Well that was previously temporarily abandoned through the surface plug or permanently abandoned by Company or by others, Company will pay for Contractor's costs of demobilization and/or remobilization at the rates set forth in Contractor's Bid Form.

In order to prevent the situation where Wellbore Associated Flow is discovered during or after platform deck removal, Contractor is required to cut and remove all well conductors from the top of jacket upwards to allow for physical observation of

the Well(s) before any cuts are made to the deck legs or to any other part of the facility that would compromise its structural integrity. Company's on-site representative's inspection and approval is required to verify that there is no Wellbore Associated Flow in any case prior to deck removal.

2.6.5 Leak or Spill

In the event that Contractor, during the performance of any Work, observes or encounters any leak or spill from Company Well(s) or Facilities or Contractor's or subcontractor's equipment or vessels, Contractor shall immediately notify Company. Contractor will complete all verbal and written reports required by government agencies on behalf of Company. In the case of a major spill, if Company cannot be reached, Contractor is to call Clean Gulf Associates and begin emergency response immediately.

Company reserves the right in the case of a Leak or Spill to demobilize Contractor and remobilize Contractor at a later date after Company resolves Leak or Spill.

2.6.6 INCs and Civil Penalties

In the event that Company receives an incident of non-compliance (INC) or notification of Civil Penalty from BOE during Contractor's operations, Contractor will notify Company verbally and by electronic mail within one (1) business day. Contractor will resolve such INC or issue causing a Civil Penalty in the time specified by BOE and follow up with BOE to obtain BOE's concurrence that such an INC is resolved. If the issue causing the INC or Civil Penalty is a result of the pre-existing condition of Company's wells, platforms, or pipelines, the payment of any fine will be the responsibility of Company. If the INC or issue causing a Civil Penalty is related to Contractor's or its subcontractors' equipment, vessels, personnel, or operations, the resolution of the INC or Civil Penalty and the payment of any fine will, to the fullest extent permitted by applicable law, be at Contractor's sole risk, cost, and expense. If the INC or issue causing a Civil Penalty is related to Contractor's failure to maintain Company's assets from the date of the execution of this contract through the date of platform removal, the resolution of the INC and payment of any fine or issue will be at Contractor's sole risk, cost, and expense. If Company is required to pay the fine directly to BOE that was the responsibility of Contractor as described above, Company may immediately deduct such fine or penalty from any amounts payable to Contractor on this project at the sole discretion of Company. If Company notifies Contractor of an INC issued due to Contractor's regulatory non-compliance, and Contractor remains non-compliant for longer than

10 days, Company may withhold payment of outstanding invoices until Contractor resolves the non-compliance.

ARTICLE III. COMMENCEMENT AND COMPLETION OF WORK

3.1 Commencement.

It is anticipated that the assets will be available for decommissioning on or after _____, 2020. Contractor shall promptly commence performance of the Work. It is expressly understood and agreed that Contractor will diligently endeavor to complete the Work prior to _____, 2020. Contractor will keep Company apprised of the estimated time to complete all decommissioning by providing a written project schedule bimonthly.

3.2 On-Site Survey.

At the completion of the removal, reefing or abandonment of any particular platform in accordance with the Work to be performed hereunder, Contractor shall conduct a Mesotech bottom scan survey over the relevant platform site and provide that survey to Company's on-site representative. This post abandonment survey will be provided to BOE if required.

3.3 Site Clearance Verification.

Following Contractor's completion of the well P&A, platform removal, and pipeline abandonment (and/or removal), on a Facility by Facility basis, Contractor will conduct a Site Clearance Verification according to BOE regulations and policies. If any such Site Clearance Verification reveals that any debris remains to be retrieved at the location of a particular Well or Facility, Contractor shall retrieve and dispose of such debris. Contractor's retrieval and disposal of such debris shall be for Contractor's account, and Company shall not owe Contractor any additional compensation for such retrieval and removal. The Site Clearance Verification will not be deemed to be concluded until BOE has approved the Site Clearance Verification documents submitted by Contractor after the operations are complete.

Snag removal to allow for completion of site clearance is a contingent event under which Contractor will receive a lump sum price per site for resolution per Contractor's bid form; however, if a large obstruction is encountered which cannot be lifted by Contractor's dive vessel or if the large obstruction must be severed into pieces for removal, then this specific task is considered to be beyond the scope of this contract. Company and Contractor shall either mutually agree in writing to remove the large obstruction at the rates set forth in Contractor's Bid Form, or Company may choose to employ alternate methods and contractors to remove the large obstruction.

3.4 Permits.

Contractor shall timely and diligently prepare and obtain all necessary permits, permit revisions, and approvals that must be obtained in Company's name in order for Contractor to perform the Work. Contractor shall concurrently submit to Company all permits and permits revisions for Company approval when those same permits and permit revisions are submitted to the appropriate regulatory agency. No permit or permit revisions shall be deemed to be approved until both Company and the appropriate regulatory agency have approved the permit or permit revision.

3.5 Area Map.

Prior to commencing Work at a well or Facility, Contractor will obtain the most current site maps available covering such Facility and all Third Party owned and operated wells, platforms, structures, and pipelines near the Facility or along the routes required during decommissioning of the Facility in order to locate both surface and subsurface property, structures and/or facilities. If the information contained in the site maps is later determined to be inaccurate or incomplete, and such inaccuracies or incompleteness result in damage to property of a Third Party(ies) caused by Contractor's or any of its subcontractor's placement of anchor(s), or the setting down of Contractor's or any of its subcontractor's vessel(s) at the work site in reliance on such inaccurate or incomplete information, then Contractor shall be liable for any and all charges and/or costs for any such damage to property, structures and/or facilities, including, all environmental liabilities, as well as any additional costs reasonably incurred by Contractor solely resulting from such inaccurate or incomplete site map information, subject however, to the limitations of Section 6.6 below. Notwithstanding the foregoing terms of this Section 3.5, in the event that the failure of any member of the Contractor Group to conduct the Work in accordance with the specifications set forth in the Contract or in the event that Contractor Group's negligence (including active, passive, sole, concurrent, joint or gross negligence) or other fault causes or contributes (in whole or in part) to any of the charges and/or costs for damage to property, structures and/or facilities, including, without limitation, environmental liability, as contemplated in this Section 3.5, Contractor shall be liable and responsible to the extent such charges, costs and liabilities are attributable to such failure to conduct the Work in accordance with the terms and provisions of this Contract.

ARTICLE IV. COMPENSATION

4.1 Contract Sum.

As consideration for full and complete performance of the Work, Company shall pay to Contractor the Contract Sum and shall transfer title to the Transferred Items to Contractor as provided herein. Such consideration covers and includes all the compensation, payment, and remuneration that Company is obligated to pay Contractor in connection with Contractor's performance of the Work under this Contract; provided, however, that (i) the Contract Sum may be adjusted for any Additional Work, reduction in or modification to the Work or in accordance with Section 2.3, as applicable. , and (ii) Company shall pay to Contractor such amounts as may be owed as a result of Contractor's performance of activities on a day-work basis as contemplated in

Sections 2.3 and 4.3 hereof.

4.2 Downtime Due to Weather Conditions.

Contractor will be responsible for all downtime caused by normal weather conditions, excessive tides or currents, winter weather conditions, unnumbered or unnamed tropical waves or disturbances, and numbered or named tropical storms or hurricanes.

4.3 Downtime Due to Force Majeure.

If an event of *force majeure* (as contemplated in Section 12.5 below) causes any downtime in Contractor's performance of any Work or activities hereunder, Company shall compensate Contractor for such downtime at the applicable day-rates set forth in Contractor's Bid Form; provided, however, that Company shall have no obligation to pay for downtime due to event(s) of *force majeure* which are related to weather events..

4.4 Downtime Due to Other Causes.

If Contractor incurs any downtime in the performance of the Work or any other activities under this Contract, other than downtime which is specifically contemplated in Sections 2.6.3 and 2.6.5, such downtime shall be for Contractor's account, and Company shall not owe any additional compensation to Contractor for such downtime so incurred. If Contractor incurs any downtime in the performance of the Work or any other activities under this Contract which are directly caused by Company's actions or inactions, then Contractor shall be compensated at the rates set forth in Contractor's Bid Form.

4.5 Invoices.

Contractor shall submit an invoice upon the completion of the Work for each of the Well P&A and Facility Decommissioning activity according to the Contract Sum on the bid form of Exhibit B Contractor's Bid Form. Delay in receiving Contractor's invoices, discrepancies between invoice and Contract Sum and other errors or omissions, will be considered just cause for withholding payment. Company may retain _____percent (___%) of the invoiced Contract Sum, until Company is satisfied that all Work complies with the Scope of Work, BOE permits, regulations, and policies, other government agency permits, regulations and policies, and until BOE approval is received for BOE required subsequent reports. In addition, Company may withhold at any time such amounts as may be necessary to protect Company from loss based on defective Work or damage or loss to Company for which Contractor is or may be liable to Company, based on advice of counsel, pursuant to an indemnity obligation under this Contract. Invoices for Additional Work shall be submitted separately from Contract Sum invoices. Any invoices submitted by Contractor to Company later than three (3) months following the completion of Additional Work shall not be paid by Company. If Company, in good faith, disputes the amount of any invoice for Additional Work, Company shall notify Contractor of such dispute within thirty (30) days of Company's receipt of such invoice. Subject to the foregoing, Company shall pay to Contractor any

undisputed amounts for Additional Work within thirty (30) days of Company's receipt of Contractor's invoice.

ARTICLE V. OBLIGATIONS OF CONTRACTOR

5.1 Independent Contractor.

Contractor is an independent contractor with the sole authority and right to direct, supervise and control the performance of all details of the Work, subject only to the general right of approval and inspection by Company to achieve the desired results and satisfactory completion of the Work. Any provision of this Contract that may appear to give Company or its representatives the right to direct Contractor as to the details of doing the Work or to exercise a measure of control over the Work shall be deemed to mean that Contractor shall follow the desires of Company or its representatives in the results of the Work only and not in the means whereby the Work is to be accomplished. Except as otherwise expressly provided in Section 5.2 hereof, no member of the Contractor Group shall be deemed to be an agent, representative, or employee of Company. Contractor shall remain responsible for all of the actions of its subcontractors and the agents, representatives and employees of such subcontractors.

5.2 Statutory Employee.

In all cases where Contractor's employees (defined for the purposes of this Section 5.2 to include any Contractor Group member's direct, borrowed, special or statutory employees) are performing Work in or offshore the State of Louisiana or are otherwise covered by the Louisiana Worker's Compensation Act, La. Rev. Stat. §§ 23.1021 et seq., Company and Contractor acknowledge and agree that all Work and operations performed by Contractor and its subcontractors and their employees pursuant to this Contract are an integral part of and are essential to the ability of Company to generate Company's goods, products or services. In such event, and without limiting the provisions of Section 5.1 above, Company and Contractor agree that Company is and shall be deemed a statutory employer of Contractor's employees and its subcontractor's employees for the sole purposes of La. Rev. Stat. § 23.1061(A)(3), as the same may be amended from time to time. Contractor shall ensure that all of its subcontracts contain the same provisions as this Section 5.2.

5.3 Familiarity with Work.

Contractor represents and warrants that, after careful examination and investigation of documentation provided by Company, (i) it is generally familiar with all phases of the Work to be performed, the character, quality and quantity of materials to be used, the character of construction equipment and facilities needed, both preliminary to and during the prosecution of the Work, the general and local weather, sea states, currents and other conditions, and all other matters that may in any way affect the Work or its prosecution under this Contract; (ii) the Work is in Contractor's usual line of business; and (iii) it is capable of performing the Work safely and efficiently in accordance with the provisions of this Contract and the regulations and standards of the BOE and

any other applicable regulatory agency or body.

5.4 Standard of Performance.

Contractor covenants and agrees that it shall safely and efficiently prosecute the Work with due diligence and care in a good and workmanlike manner with qualified, careful and efficient workers, and first class goods and equipment in strict compliance and accordance with (i) generally accepted standards of engineering, construction and decommissioning practice for the Work covered under this Contract; (ii) the provisions of the Contract; and (iii) all applicable laws, rules, regulations and standards of the BOE and any other applicable governmental or regulatory agency or body.

5.5 Contractor's Personnel.

5.5.1 Supervision and Oversight of Contractor's Personnel

Notwithstanding the fact that Contractor shall perform the Work as an independent contractor, Contractor covenants and agrees to keep on the job a manager competent in the activities ongoing at the time and all necessary assistants, who will be in charge of the Work. Company shall have the right to deny access to its property or facilities, including, without limitation, any chartered vessels or aircraft, to any member of Contractor Group. Notwithstanding any contrary provisions of the immediately foregoing sentence, Company and Contractor agree that Company shall have no right to terminate or affect any other term or condition of employment of any member of Contractor Group; provided, however, that, with cause (which includes, without limitation, the failure to abide by any of Company's policies), Company may require that Contractor remove a particular member of Contractor Group from the performance of Work hereunder. Any decision to terminate, or otherwise affect any other term or condition of employment of any member of Contractor Group, shall be the sole act of Contractor; and Company shall have no liability thereof. **If any member of Contractor Group asserts any Claim (as herein defined) against any member of Company Group arising out of Company's (i) denial of access to such member of Contractor Group or (ii) requirement that such member of Contractor Group be removed from the performance of Work hereunder, then Contractor shall release, indemnify, protect, defend and hold harmless Company Group (as defined herein) from and against such Claim.**

5.5.2 Short Service Employees

If required by Company, Contractor shall prepare and implement its Short Service Employee (SSE) program. This SSE program applies to Contractor or any member of Contractor Group who has less than six months experience in the same job type or with the present employer. The SSE program shall visibly identify all SSE

personnel, the number of SSE personnel on any work crew or shift shall be limited to less than ___ percent of the total personnel on each crew or shift and Contractor will verify that SSE personnel will not be involved in high risk work activities that Contractor will identify and provide recommendations on how to eliminate, or reduce, the risk involved in such activities.

5.5.3 Stop Work Authority

Contractor shall stop work when an imminent hazard to people, property or the environment is identified. In addition, Contractor shall immediately advise Company of the cessation of work, the hazard that was identified and estimate the duration of the work stoppage. Contractor will take reasonable measures to eliminate, or minimize the imminent hazard and coordinate with Company to limit the duration and impact of the work stoppage

5.6 Compliance with Laws.

Contractor shall comply, and shall cause all members of Contractor Group that may perform Work hereunder to comply, with all laws, executive orders, rules, regulations and requirements, including, without limitation, all permitting, licensure and registration requirements, of any federal, state, municipal or foreign governmental body, agency, department or authority which now has or may in the future have jurisdiction over (i) the Work or any part thereof, (ii) Company's or its affiliates' offshore continental shelf (OCS) lease, Bureau of Land Management (BLM) lease or other applicable lease and/or (iii) the business of any member of Contractor Group and/or Company Group. Contractor shall not pay any commissions or fees or grant any rebates or other remuneration or gratuity to any person in connection with the business of Company or its affiliated or subsidiary companies. Contractor shall not accept any rebates nor accept any commissions or fees in connection with the business of Company or its affiliated or subsidiary companies.

5.6.1 Where required by law, Contractor agrees to comply with the Federal Contract Provisions attached hereto and made a part hereof as Exhibit C and shall provide Company with certifications of compliance with such Federal Contract Provisions upon request from Company. Contractor further agrees to furnish Company with all information required to enable it to make any necessary reports to any federal, state, municipal or foreign governmental body, agency, department or authority arising out of or in connection with the Work.

5.6.2 Further, Contractor represents, warrants, covenants and agrees, for itself and on behalf of each subcontractor that may perform any part of the Work, that it has complied and will continue to comply with all applicable laws, statutes, rules, regulations and orders pertaining to (i) the completion and verification of the Form I-9's to determine the identity and authorization to work under the Immigration Reform and Control Act of 1986 ("IRCA") and all related regulations and administrative decisions; (ii) IRCA's anti-discrimination and document verification

provisions; (iii) the immigration laws, including the H-1B and L-1B Reform Acts. In addition to any other record-keeping requirements hereunder, Contractor shall maintain, and shall require its subcontractors to maintain, personnel, Form I-9 and payroll records with respect to every employee, contractor or agent that are required by any federal, state or local law or regulation, and shall permit Company to inspect those records relating to all employees, contractors and/or agents performing Work or any part thereof.

5.7 Equipment & Materials.

All equipment, tools, materials and facilities to be furnished by Contractor in the performance of the Work shall be serviceable and kept in first class operating condition. Contractor shall schedule this Work its other operations so as to ensure that the necessary equipment, tools, materials and facilities and personnel to operate the same shall be available at the times necessary for the orderly completion of the Work in accordance with the terms of this Contract.

5.8 Payment of Bills.

Contractor shall promptly pay all bills for labor and materials performed and furnished by Contractor and all parties claiming by, through or under Contractor in connection with the performance of the Work. Contractor shall deliver to Company an affidavit as evidence of payment thereof prior to Company's payment of the final amounts for Site Clearance Verification.

5.9 Liens.

Contractor shall not fix or permit to exist, and shall cause all members of Contractor Group (including its subcontractors) not to fix or permit to exist, any lien, charge, privilege, security interest or encumbrance of any kind arising from or relating to the Work (and/or any other services performed by Contractor arising out of or related to properties in which Company owns an interest) upon or against any property of Company Group or any oil or gas produced by Company Group or the proceeds thereof (collectively, "Liens"). Final payment of the Contract Sum, or any part thereof, shall not become due until Contractor delivers to Company a complete release or waiver of all liens arising or which may arise out of the Work performed under this Contract or receipts in full in lieu thereof and an affidavit from Contractor's authorized officer that the releases and receipts include all labor, materials, and services for which a lien could be filed upon any property in which Company has an interest, for which a judgment could be obtained against Company. **CONTRACTOR SHALL INDEMNIFY AND HOLD HARMLESS THE COMPANY GROUP FROM ANY AND ALL LIENS AND OTHER ENCUMBRANCES AGAINST ANY PROPERTY OR INTERESTS OF ANY MEMBER OF THE COMPANY GROUP AND FROM AND AGAINST ANY AND ALL CLAIMS ON ACCOUNT OF DEBTS ALLEGED TO BE DUE FROM ANY MEMBER OF CONTRACTOR GROUP, TO ANY PERSON INCLUDING ANY OTHER MEMBER OF CONTRACTOR GROUP, AND WILL DEFEND AT ITS OWN EXPENSE ANY CLAIM OR LITIGATION IN CONNECTION THEREWITH.** Contractor shall cause any agreement with its subcontractors (and any of the subcontractors) to have a similar provision to this Section 5.9 which shall run in favor of Company as a third party beneficiary. The provisions of this Section 5.9

shall survive the termination or expiration of this Contract.

5.10 Records.

Contractor shall maintain complete, accurate and current detailed records of all activities, costs and documentation of equipment, materials, supplies, labor and any other items or aspects of the Work performed hereunder for not less than two (2) years after final termination of this Contract; provided, however, if Company, any member of Contractor Group, any member of Company Group or any Third Party, makes a timely written Claim which relates to the Work performed pursuant to this Contract within such two (2) year period, then Contractor shall retain such records until final resolution of such Claim. If BOE or any other regulatory agency issues an objection, incident of non-compliance (INC), civil penalty, fine, or refuses to approve a required subsequent report related to the Work, then Contractor shall retain such records until final resolution of such issue. Contractor shall grant to Company, its authorized representatives, and/or public accounting firm selected by Company, the right, at any reasonable time, to inspect, audit, examine and copy any applicable records or documents of Contractor as may be necessary to verify the validity and correctness of the charges reflected on any invoice and to protest or dispute any such charge.

5.11 Taxes.

Contractor shall further pay, and cause all members of Contractor Group to pay, all taxes, licenses and fees levied or assessed in connection with or incident to the Work by any governmental authority, including, without limitation, unemployment compensation insurance, old age benefits, social security, or any other assessments or taxes upon wages of Contractor or any member of Contractor Group. Contractor agrees to reimburse Company, upon Company's demand, for all such taxes or governmental charges or assessments, whether state, federal or otherwise, that Company may be required or deem necessary to pay on account of Contractor or any member of Contractor Group. Contractor agrees to furnish Company with the information required to enable Company to make the necessary reports and pay any such taxes, charges or assessments. At its election, Company is authorized to deduct all sums so paid for such taxes and governmental charges or assessments from such amounts as may be or become due to Contractor hereunder. Contractor agrees to pay all import/customs duties, port and/or dock fees, and government required inspection fees including Contractor's time for such assessments or inspections. Notwithstanding the foregoing, Company shall be responsible for and shall pay all sales, ad valorem or use taxes and all costs that may be assessed or incurred as a result of the performance of this Contract or the transfer of the Transferred Items to Contractor pursuant to the terms hereof.

5.12 Proprietary Information, Patents, and Inventions.

Contractor recognizes and agrees that all drawings, specifications and other materials relating to the Work (whether provided by Company or drawn or prepared by Contractor or any subcontractor during performance of the Work) contain and comprise proprietary information and trade secrets of Company. Contractor, its subcontractors, and their respective agents, consultants,

representatives and employees shall maintain all such information and materials in strictest confidence and shall not disclose the same to any third party, nor utilize the same directly or indirectly in their business (except for the purposes contemplated by this Contract), nor incorporate the same in any product sold to or services performed for third parties at any time during or after the term of this Contract without the prior written permission of Company. The obligations of confidentiality herein expressed shall not apply to any information that Contractor can prove (1) was known to be used by Contractor prior to the disclosure thereof by Company; or (2) is disclosed to Contractor, either before or after disclosure thereof by Company, by a third party who did not acquire the same from Company or was not under a similar confidentiality obligation to Company, or (3) is published or otherwise becomes generally known and used by others without fault of Contractor before or after disclosure thereof by Company. **CONTRACTOR HEREBY INDEMNIFIES THE COMPANY GROUP FROM AND AGAINST, AND AGREES TO HOLD HARMLESS THE COMPANY GROUP FROM ANY AND ALL CLAIMS ARISING FROM (I) ANY ACTUAL OR ALLEGED PATENT, COPYRIGHT OR TRADEMARK INFRINGEMENT, OR ANY WRONGFUL APPROPRIATION OF TRADE SECRETS OR PROPRIETARY RIGHTS OR DATA, OR ANY MISUSE OF COMPANY MATERIAL ARISING OUT OF OR RESULTING FROM THE PERFORMANCE OF THIS CONTRACT OR (II) ASSERTIONS BY THIRD PARTIES THAT ANY MEMBER OF THE COMPANY GROUP ARE INFRINGING UPON ANY PATENT, COPYRIGHT, TRADEMARK, OR SERVICE MARK OR ARE MISAPPROPRIATING ANY PROPRIETARY INFORMATION BY REASON OF THE WORK PERFORMED OR ACTIVITIES CONDUCTED PURSUANT TO THIS CONTRACT.** Contractor hereby warrants and represents to the Company Group that Contractor has no knowledge of any patent, copyright, trademark, service mark, or proprietary information that is or will be alleged to be infringed upon or misappropriated by the proposed activities under this Contract. Contractor hereby grants to Company an irrevocable, worldwide, royalty-free, non-exclusive license in and to all inventions, whether patentable or not, created or developed as part of the contracted-for Work under this Contract, and Company shall be permitted to manufacture, construct, operate, maintain and repair such licensed items in the conduct of its business.

ARTICLE VI. TERMINATION

6.1 Term.

This Contract shall continue in effect until the earlier of (i) Contractor's complete and satisfactory performance of the Work pursuant to the terms of this Contract and approval by BOE and any other regulatory authorities of required subsequent reports or (ii) the earlier termination of this Contract in accordance with Section 6.2, 6.3 or 6.4 below. Without limiting the provisions of Section 12.14 below, upon the termination of this Contract, all rights and obligations based on breach or performance prior to such termination and all rights and obligations which are continuing in nature, including, without limitation, all rights and obligations in connection with the information, records and audit provisions, the indemnity provisions, and the confidentiality provisions hereof shall survive.

6.2 Default Termination.

Upon the occurrence of any Event of Default, Company, at its option, may give written notice of the occurrence of such Event of Default to Contractor. If Contractor fails to remedy such Event of Default within three (3) days after such notice is given, or if such Event of Default is of such a nature that, in Company's sole judgment, it cannot be reasonably remedied within five (5) days, if Contractor fails to initiate action within three (3) days after its receipt of such notice and thereafter to proceed diligently and continuously in remedying the same, then Company may, upon written notice to Contractor, terminate Contractor's right to proceed with the Work. In the event of such termination, Company shall have no obligation to make any further payments to Contractor except for such amounts as may be properly due as of the date of termination. Such termination shall be in addition to such other rights and remedies as Company may have and without prejudice to any claim that Company may have hereunder. In the event of termination, Company may complete the Work by whatever means it may deem expedient; including but not limited to the hiring of any contractor or contractors under such form of contract as Company may deem desirable. If the expense of completing the Work, including, but not limited to, any costs and damages as Company may suffer in respect of the Work, exceed the unpaid balance of the Contract Sum, then Contractor shall be liable for and shall pay the difference to Company, up to a maximum of \$1,000,000 to complete the Work at that location, with no such liability to complete the Work at subsequent locations where Work has not yet commenced at the time of such termination. Company shall use commercially reasonable efforts to mitigate or lessen its cost of completing the Work. In the event of termination by Company pursuant to this Section 6.2 Company shall not be responsible for Contractor's costs of demobilization.

6.3 Non-Default Termination.

Company, in its sole discretion, may terminate this Contract upon not less than three (3) days prior written notice to Contractor; and such termination shall be effective in the manner specified in such notice and shall be without prejudice to any Claim that either Party may have against the other. Upon receipt of any such notice given under this Section 6.3, Contractor, unless otherwise directed in such notice, shall promptly take such actions as are necessary to safely suspend the Work and shall then turn over any wells or Facilities, or parts, pieces or components thereof, which have not theretofore become Transferred Items, as well as any and all drawings, plans, specifications, reports, permits and any other data and documents related to the Work to Company representative and/or Company's designee. Contractor shall further cooperate with Company and/or its designee to ensure an orderly and expeditious transition and completion of the Work. In the event of termination by Company pursuant to this Section 6.3, Company shall pay the Contractor such portions of the Contract Sum as are attributable to the well P&A and Facility Decommissioning activities which Contractor has completed prior to the date on which the Contract is terminated (taking into account the allocation of the Contract Sum as set forth in Contractor's Bid Form), less prior payments, if any, made to Contractor in connection with the Work. Contractor shall not be entitled to be paid prospectively for unperformed Work due to the termination of the Contract. In the event of termination by Company pursuant to this Section 6.3 Company shall be responsible for Contractor's costs of demobilization at the rates set forth in Contractor's Bid Form.

6.4 Termination in the Event of Force Majeure.

Either Party shall have the right to immediately terminate the Contract if any event(s) of *force majeure* (as contemplated under Section 12.5 below) should suspend the performance of the Work for more than three (3) days on a cumulative basis over the term of this Contract. Notwithstanding the foregoing, such right of termination shall not come into effect in the case of suspension of the performance of the Work due to Downtime Due to Weather Conditions as described in Section 4.2. In the event this Contract is terminated pursuant to this Section 6.4, Company shall have no obligation to make any further payments to Contractor except for such amounts as may be properly due as of the date of termination and for Contractor's costs of demobilization at the rates set forth in Contractor's bid form.

6.5 Re-designation of Location.

Company may redirect Contractor's and subcontractors' equipment and personnel from one location in the Scope of Work to another location in the Scope of Work if there is an immediate need to resolve a regulatory, well control, or pollution issue related to Company's wells or Facilities. Company will pay for Contractor's costs of demobilization and/or remobilization at the rates set forth in Contractor's Bid Form.

6.6 SPECIAL CLAIMS.

Notwithstanding anything to the contrary contained elsewhere herein, neither Party (nor the members of such Party's "Group" as such is contemplated in this Contract) shall be liable to the other Party for any Special Claim(s), whenever arising under this Contract or as a result of, relating to or in connection with the Work; and no such Special Claim(s) shall be made by either Party against the other or such other Party's (or any member of such other Party's "Group" as such is contemplated hereunder), regardless of the cause or causes of such Special Claim(s), including whether or not any such Special Claim is based or alleged to be based, in whole or in part, on the negligence (including sole, joint, active, passive, concurrent or gross negligence), breach of warranty, strict liability, statutory liability, contractual liability or other fault of any member of Company Group or Contractor Group, the unseaworthiness of any vessel, the unairworthiness of any aircraft, or the existence of any defect, whether patent, latent, pre-existing or otherwise.

ARTICLE VII. SUBCONTRACTS AND ASSIGNMENTS

7.1 Subcontracts.

Subcontracting shall not relieve Contractor from any of its obligations hereunder; and Contractor shall be and remain liable as if no such subcontract had been made. No subcontract shall bind or purport to bind Company, but Contractor shall include a provision in each of its subcontracts hereunder assigning any liability protections thereof to Company. Contractor shall be fully responsible to Company for any act or omission of its subcontractors and of persons either directly

or indirectly employed by them. Notwithstanding the foregoing, Company hereby consents to Contractor entering into subcontracts in accordance with the terms and provisions of this Contract with the companies specifically identified on Schedule 7.1 attached hereto and made a part hereof. Contractor shall be responsible for verification that subcontractors have written programs in place to comply with the BOE's Safety and Environmental Management System (SEMS) 30 CFR 250 Subpart S. Contractors will also have responsibility for verification that subcontractor's employees are adequately trained and have the skills and knowledge to perform their assigned duties before work is to be performed. Contractor shall be solely liable for any deficiency in its contracts with its subcontractors, agents and representatives and for any deficiency in their contract with their respective subcontractors, agents and representatives. **Contractor shall release, indemnify, protect, defend and hold harmless Company Group from and against any and all Claims arising out of or related to Contractor's failure to pay its subcontractors, suppliers, consultants and/or their respective employees in connection with the Work.**

7.2 Assignments.

Contractor may not assign this Contract or any portion hereof except with the prior written consent of Company, which consent may be withheld in Company's sole discretion, for any or no reason. In the event that Company consents to Contractor's assignment of this Contract, Contractor shall not be relieved or released from any of its obligations or responsibilities hereunder. Company may at any time assign or otherwise transfer all or any of its rights and interests under this Contract; provided, however, Company shall remain liable for all obligations of Company under this Contract. Subject to the foregoing limitations, this Contract shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns.

7.3 Other Contractors.

Contractor shall cooperate with Company and with other contractors of Company and carefully coordinate the Work hereunder with the work of Company and its other contractors. Contractor shall not commit any act that would interfere with the performance of other work of Company or its other contractors; nor shall Company or any of its other contractors interfere with or impede performance by Contractor of the Work hereunder; provided, however, that nothing in this Section 7.3 shall operate to limit Company's rights under this Contract, including, without limitation, under Sections 2.2, 3.2, 3.3, 6.2, 6.3, 6.4, 6.5 and 6.6 hereof.

ARTICLE VIII. INDEMNIFICATION

8.1 CONTRACTOR'S INDEMNITY.

CONTRACTOR SHALL BE LIABLE AND RESPONSIBLE FOR, AND SHALL RELEASE, DEFEND, PROTECT, INDEMNIFY AND HOLD HARMLESS THE COMPANY GROUP FROM AND AGAINST ANY AND ALL CLAIMS ARISING FROM OR RELATING TO:

- A. THE LOSS OF OR DAMAGE OR INJURY TO THE PROPERTY OF ANY MEMBER OF THE CONTRACTOR GROUP AND/OR WRECK REMOVAL OF SUCH PROPERTY, INCLUDING, WITHOUT LIMITATION, ANY SUCH MEMBER'S EQUIPMENT, VESSELS, BARGES AND TUGS, AND (FROM AND AFTER THE TIME AT WHICH THE OWNERSHIP OF SUCH TRANSFERRED ITEMS VESTS IN CONTRACTOR) THE TRANSFERRED ITEMS, WHETHER SUCH PROPERTY IS OWNED, RENTED OR OPERATED BY ANY SUCH MEMBER OF THE CONTRACTOR GROUP;
- B. ANY ILLNESS, INJURY OR DEATH SUFFERED BY ANY MEMBER OF THE CONTRACTOR GROUP;
- C. (1) THE LOSS OF OR DAMAGE OR INJURY TO THE PROPERTY OF ANY THIRD PARTY, OR (2) THE ILLNESS, INJURY OR DEATH SUFFERED BY ANY THIRD PARTY, TO THE EXTENT THAT ANY SUCH CLAIM IS CAUSED BY ANY MEMBER OF CONTRACTOR GROUP;
- D. SUBJECT TO SECTION 8.2(D) BELOW, THE LOSS OF ANY FACILITY, TRANSFERRED ITEM OR RETAINED ITEM OR ANY PART THEREOF, TO THE EXTENT SUCH LOSS ARISES OUT THE PERFORMANCE OF THE WORK; AND
- E. POLLUTION OR CONTAMINATION (INCLUDING, WITHOUT LIMITATION, PROPERTY DAMAGE, CONTROL, REMOVAL, RESTORATION OF LANDS OR SEA BEDS, AND CLEANUP OF ALL POLLUTION OR CONTAMINATION), INCLUDING, WITHOUT LIMITATION, SPILLS OR LEAKS OR FUEL, LUBRICANTS, MOTOR OILS, PIPE DOPE, PAINTS, SOLVENTS, BALLASTS, BILGE, GARBAGE OR SEWAGE, WHICH ORIGINATES FROM THE PROPERTY OF ANY MEMBER OF CONTRACTOR GROUP;

WHICH ARISE OUT OF OR RELATE TO THIS CONTRACT OR THE PERFORMANCE OF ANY WORK HEREUNDER. CONTRACTOR'S OBLIGATIONS UNDER THIS SECTION 8.1, INCLUDING, WITHOUT LIMITATION, ITS OBLIGATIONS TO DEFEND, PROTECT, INDEMNIFY AND HOLD HARMLESS THE COMPANY GROUP, SHALL BE OWED WITHOUT LIMIT AND WITHOUT REGARD TO THE CAUSE OR CAUSES OF ANY CLAIMS FOR WHICH SUCH OBLIGATIONS ARE OWED, INCLUDING, WITHOUT LIMITATION, THE SOLE, JOINT OR CONTRIBUTORY NEGLIGENCE, STRICT LIABILITY, LIABILITY WITHOUT FAULT, STATUTORY LIABILITY, CONTRACTUAL LIABILITY OR OTHER FAULT OF ANY MEMBER OF THE COMPANY GROUP, THE UNSEAWORTHINESS OF ANY VESSEL, THE UNAIRWORTHINESS OF ANY AIRCRAFT OR THE EXISTENCE OF ANY DEFECT, WHETHER PATENT, LATENT, PRE-EXISTING OR OTHERWISE; PROVIDED, HOWEVER, THAT SUCH INDEMNITY AND HOLD HARMLESS OBLIGATIONS SHALL NOT BE OWED TO THE EXTENT SUCH CLAIMS ARE DETERMINED TO BE CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY MEMBER OF THE COMPANY GROUP.

8.2 COMPANY'S INDEMNITY.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN SECTION 8.1 HEREOF, COMPANY SHALL BE LIABLE AND RESPONSIBLE FOR, AND SHALL RELEASE, DEFEND, PROTECT, INDEMNIFY AND HOLD HARMLESS THE CONTRACTOR GROUP FROM AND AGAINST ANY AND ALL CLAIMS ARISING FROM OR RELATING TO:

- A. THE LOSS OF OR DAMAGE OR INJURY TO THE PROPERTY OF ANY MEMBER OF THE COMPANY GROUP AND/OR WRECK REMOVAL OF SUCH PROPERTY, INCLUDING, WITHOUT LIMITATION, ANY SUCH MEMBER'S EQUIPMENT, VESSELS, BARGES AND TUGS, WHETHER SUCH PROPERTY IS OWNED, RENTED OR OPERATED BY ANY SUCH MEMBER OF COMPANY GROUP, EXCEPT TO THE EXTENT THAT CONTRACTOR OWES COMPANY GROUP INDEMNIFICATION FROM SUCH CLAIMS IN ACCORDANCE WITH SECTION 8.1 OF THIS CONTRACT;**
- B. ANY ILLNESS, INJURY OR DEATH SUFFERED BY ANY MEMBER OF THE COMPANY GROUP; AND**
- C. POLLUTION OR CONTAMINATION (INCLUDING, WITHOUT LIMITATION, PROPERTY DAMAGE, CONTROL, REMOVAL, RESTORATION OF LANDS OR SEA BEDS, AND CLEANUP OF ALL POLLUTION OR CONTAMINATION), INCLUDING SPILLS OR LEAKS OR FUEL, LUBRICANTS, MOTOR OILS, PIPE DOPE, PAINTS, SOLVENTS, BALLASTS, BILGE, GARBAGE OR SEWAGE WHICH ORIGINATES FROM THE PROPERTY OF ANY MEMBER OF COMPANY GROUP.**
- D. THE LOSS, PRIOR TO BEING "ON THE HOOK", OF ANY FACILITY, TRANSFERRED ITEM OR RETAINED ITEM OR ANY PART THEREOF, SOLELY TO THE EXTENT SUCH LOSS ARISES OUT OF A PREEXISTING DEFECT IN THE STRUCTURAL INTEGRITY OF SUCH FACILITY OR TRANSFERRED ITEM.**
- E. (1) THE LOSS OF OR DAMAGE OR INJURY TO THE PROPERTY OF ANY THIRD PARTY, OR (2) THE ILLNESS, INJURY OR DEATH SUFFERED BY ANY THIRD PARTY, TO THE EXTENT THAT ANY SUCH CLAIM IS CAUSED BY ANY MEMBER OF COMPANY GROUP;**

WHICH ARISE OUT OF OR RELATE TO THIS CONTRACT OR THE PERFORMANCE OF ANY WORK HEREUNDER. COMPANY'S OBLIGATIONS UNDER THIS SECTION 8.2, INCLUDING, WITHOUT LIMITATION, ITS OBLIGATIONS TO DEFEND, PROTECT, INDEMNIFY AND HOLD HARMLESS THE CONTRACTOR GROUP, SHALL BE OWED WITHOUT REGARD TO THE CAUSE OR CAUSES OF ANY CLAIMS FOR WHICH SUCH OBLIGATIONS ARE OWED, INCLUDING, WITHOUT LIMITATION, THE SOLE, JOINT OR CONTRIBUTORY NEGLIGENCE, STRICT LIABILITY, LIABILITY WITHOUT FAULT, STATUTORY LIABILITY, CONTRACTUAL LIABILITY OR OTHER FAULT OF ANY MEMBER OF THE CONTRACTOR GROUP, THE UNSEAWORTHINESS OF ANY VESSEL, THE UNAIRWORTHINESS OF ANY AIRCRAFT OR THE EXISTENCE OF ANY DEFECT, WHETHER PATENT, LATENT, PRE-EXISTING OR OTHERWISE; PROVIDED, HOWEVER, THAT SUCH INDEMNITY AND HOLD HARMLESS OBLIGATIONS

SHALL NOT BE OWED TO THE EXTENT SUCH CLAIMS ARE DETERMINED TO BE CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY MEMBER OF THE CONTRACTOR GROUP.

ARTICLE IX. INSURANCE

9.1 Contractor's Insurance.

Contractor shall carry, at its own expense, with insurers who are reliable and with an A.M. Best rating of not less than A- and authorized to do business in the states or other jurisdictions in which the Work is to be performed by Contractor hereunder, insurance coverages of the types and with limits required by Company but in no event less than those set forth in Exhibit "D" attached hereto and made a part hereof. Further, Contractor agrees to carry adequate contractual liability insurance to support the indemnities given herein. Prior to commencing any of the Work to be conducted pursuant to the terms of this Contract, Contractor agrees to provide Company with certificates of insurance evidencing such insurance coverages in forms acceptable to Company, and Contractor agrees to maintain current certificates of insurance on file with Company for the duration of this Contract. The Parties expressly acknowledge and agree that the insurance and indemnity provisions of this Contract are separate and distinct; and that any insurance requirements contained herein shall not be deemed to restrict or limit any of the indemnity obligations set forth in this Contract.

If Contractor hires (and Company consents to) any subcontractor to perform any of the Work hereunder, then Contractor shall require that any such subcontractor will obtain insurance protection with coverages of the types and with limits deemed appropriate by Contractor. Any deficiencies in the coverages, policy limits or endorsements of Contractor's subcontractors shall be the sole responsibility of Contractor and shall be covered by Contractor's insurance.

9.2 Miscellaneous.

9.2.1 Contractor will furnish, on forms acceptable to Company, evidence of satisfactory insurance coverages. This information must be furnished in advance of Contractor's commencing performance of the Work. Each insurance policy shall contain a provision obligating the insurer to give Company written notice of change or cancellation not less than thirty (30) days prior to the date on which any such change or cancellation becomes effective.

9.2.2 Insurance shall be written to protect Contractor against liability for damage, loss or expense arising from damage to property or injury or death of any person or persons arising in any way out of, in connection with, or resulting from the Work. Irrespective of the requirements as to insurance to be carried, the insolvency, bankruptcy, or failure of any insurer carrying insurance for Contractor, or failure of any insurer to pay claims accruing, shall not be held to waive any of the provisions of this Contract. Contractor shall promptly pay all premiums for such insurance in

strict accordance with its obligations to its carrier or carriers such that Contractor shall, at all times, have full insurance coverage as herein provided.

- 9.2.3 Contractor's insurance shall be primary to and receive no contribution from any insurance arranged by Company. Any "Sue" or "Labor" provisions in the required policies in which Company is included as an Additional Insured shall not apply to said Company but only to the extent of Contractor's indemnity obligations herein.
- 9.2.4 In the event that the parties hereto expressly choose the law of the State of Texas to govern this Contract, then, notwithstanding anything to the contrary contained herein, Contractor is not required to secure Broad Form Contractual Liability or Marine Contractual Liability, Commercial General Liability and Vessel Liability, respectively, with limits exceeding \$5,000,000.
- 9.2.5 For each policy under which Contractor is an assured, whether described herein or not, Contractor agrees to waive and agrees to have its insurers waive any rights of subrogation they may have against the Company Group, but only to the extent of the obligations and liabilities assumed by Contractor under this Contract. It is further agreed that each such policy, other than Workers' Compensation policies, shall include the Company Group as an Additional Insured. Contractor shall be solely responsible for deductibles required under such policies for those items which Contractor gives indemnity protection to Company under this Contract.

9.3 Louisiana Anti-Indemnity Provisions.

Notwithstanding anything contained herein to the contrary, Contractor and Company agree that with respect to all Work performed in Louisiana or offshore Louisiana and with respect to which the laws of the state of Louisiana are otherwise applicable, Company (on its own behalf, and on behalf of its other contractors, subcontractors, agents and representatives and their respective employees) and Contractor (on its behalf, and on behalf of its subcontractors, agents and representatives and their respective employees) may pay to each other's insurers the premium required by their respective insurers or their insurer's agents or authorized representatives to extend all of their insurance policies to include coverage for Company's and Contractor's respective indemnities as required under this Contract, and such insurance protection shall be governed by Louisiana law. Each Party will arrange to have the other Party billed for the premium by its respective insurer, and will advise the other Party prior to the inception of this Contract if the premium will be in excess of \$2,000.00. The insurance policy shall apply to incidents arising out of the performance of this Contract. At each subsequent renewal of insurance, during the term of the Contract, each party will advise the other of the amounts of the premium required for the extensions described above and arrange billing for the appropriate premium by its insurers or their agents or authorized representatives. It is expressly acknowledged and agreed to by the Parties that the provisions of this Section 9.3 are intended to comply with the provisions of *Marcel v. Placid Oil Co.*, 11 F.3d 563 (5th Cir. 1994), and the provisions hereof shall be interpreted in such a manner as to comply therewith.

9.4 Texas Anti-Indemnity Act.

To the extent that the Work or any part thereof is subject to the laws of the state of Texas, the Parties agree that in order to be in compliance with the Texas Anti-Indemnity Act regarding indemnification mutually assumed for the other Party's sole or concurrent negligence, each Party agrees to carry supporting insurance in equal amounts of the types and in the minimum amounts specified in the insurance agreements hereunder; provided, however, that Company shall have the right to self-insure any or all coverages required of it hereunder.

ARTICLE X. CONFIDENTIALITY

10.1 Confidentiality.

All information obtained by Contractor in the contemplation of or in performance of the Work, including, without limitation, the terms and provisions of this Contract, other than information that Contractor can prove (1) was known to be used by Contractor prior to the disclosure thereof by Company; or (2) is disclosed to Contractor, either before or after disclosure thereof by Company, by a third party who did not acquire the same from Company or was not under a similar confidentiality obligation to Company, or (3) is published or otherwise becomes generally known and used by others without fault of Contractor before or after disclosure thereof by Company, shall be considered confidential and shall not be disclosed by Contractor except to duly authorized representatives of Company or as duly authorized in writing by an authorized representative of Company.

ARTICLE XI. COMPANY POLICIES

11.1 Company Policies.

Contractor covenants and agrees to abide by and act in accordance with the following policies of Company.

11.2 Search and Seizure.

At all times while performing Work, Contractor shall submit, and shall cause all members of Contractor Group to submit, to the terms and conditions of Company's Drug and Alcohol and Search and Seizure Policy attached hereto and made a part hereof as Exhibit E. Contractor recognizes and agrees that Company shall have the right to modify and amend the Search and Seizure Policy at any time in its sole discretion.

11.3 Job Safety and Health.

Contractor shall perform, and shall cause all members of Contractor Group including subcontractors to perform, all Work in accordance with the provisions in Exhibit F and with the most stringent of safety regulations, precautions, and procedures, employing all necessary or desirable protective equipment and devices, whether suggested or required by safety associations, government agencies, municipalities, or otherwise. Contractor must use its reasonable best efforts to eliminate accidents due to human error. Contractor's efforts will include the training of all of Contractor's personnel in operational aspects of their functions and Contractor's implementation of a program to instill in each person a conscious desire to achieve safe operations. **Contractor shall release, indemnify, protect, defend and hold harmless Company Group from and against any and all Claims which may be asserted or assessed against Company by any federal, state or other job-safety and health-enforcement agencies or by any member of Contractor Group as a result of or based upon any and all alleged unsafe or unhealthy working conditions created, caused or contributed to by any member of Contractor Group.** In addition to the foregoing, Contractor shall maintain at all times, the safety requirements as such are currently outlined in Exhibit F attached hereto and made a part hereof and as such may be modified from time to time by Company in its sole discretion. Contractor shall acknowledge receipt and awareness of these safety requirements by signing and returning a copy of Exhibit F contemporaneously with the execution of this Contract.

11.4 SEMS Compliance.

Contractor agrees that it has or will have, prior to conducting any Work, (a) complied with the SEMS contractor requirements established in Exhibit F, (b) complied with the applicable Data Integrity Security Administration (DISA) Compliance Program sponsored by DISA, Inc. (the "DISA Compliance Program") and the ISNetwork Health and Safety Review and Verification Program (the "ISNetwork Program"), and together with the DISA Compliance Program, the "Compliance Programs") and (c) represents that all of Contractor Group's personnel who perform any Work or portion thereof have enrolled in the applicable DISA Compliance Program (either DOT or non-DOT) and ISNetwork Program. Contractor expressly acknowledges and agrees that its failure to comply with the provisions of this Section shall be cause for Company to immediately terminate this Contract and Contractor's performance of any Work hereunder and Contractor shall solely be paid for such amounts as may be properly due as of the date of termination plus reasonable demobilization costs; and the failure of any of Contractor Group's personnel to enroll or maintain its current enrollment in the applicable Compliance Programs shall constitute cause for Company to deny access to such member of Contractor's Personnel or to otherwise require that such member of Contractor Personnel be excluded from the performance of Work hereunder.

11.5 Press Releases.

Contractor shall not issue (or cause to be issued) a press release or similar public

communication concerning this Contract or any Work performed hereunder without the prior consent of Company. The foregoing shall not apply where the public communication is required by law, rule, or regulation, including the rules and regulations governing public companies, investments in securities, or stock exchanges where Contractor's equity is traded.

ARTICLE XII. GENERAL PROVISIONS

12.1 Conflicts.

If any conflict exists between this Contract, any drawings and specifications provided hereunder, the Contractor's Bid Proposal, the exhibits and schedules attached hereto or any bid documentation provided by either Party prior to this Contract, then the terms of this Contract shall control over all other documents and instruments. IMPORTANTLY, any qualifications, limitations, exceptions, exemptions, and/or disqualifications set forth in Contractor's Bid Proposal or other documents governing the relationships, agreements, or duties of the Parties, to the extent they conflict in any material way with the terms of this Turnkey Decommissioning Contract, shall be considered conflicts

12.2 Applicable Law.

12.2.1 If the Work is performed offshore or on inland waters, notwithstanding the place of execution hereof or the place for performance of any covenant, promise or agreement herein made, this Contract and the validity hereof, the agreements evidenced hereby, and all matters and issues arising hereunder, shall, to the fullest extent possible, be construed pursuant to and governed by the General Maritime Laws of the United States. If the General Maritime Laws of the United States are held to be inapplicable to this Contract or the Work (or any part thereof) to be performed hereunder by a court of competent jurisdiction, then Subsection 12.2.2 below shall apply, as appropriate, but only to the extent that United States Maritime Law is held to be inapplicable.

12.2.2 If any court of competent jurisdiction determines that United States Maritime Law is not applicable to any relevant part of this Contract or the Work to be performed hereunder, then such part of this Contract and/or the Work to be performed hereunder, shall, to the fullest extent enforceable under applicable law, be interpreted and enforced exclusively in accordance with the laws of the State of Texas.

12.2.3 Notwithstanding the choice of law provisions contained in this Section 12.2, no conflicts of laws principles that would require the application of any law other than that expressly set forth in Sections 12.2.1 or 12.2.2, as appropriate, shall be applicable to this Contract or the enforcement of any provision hereof. **FURTHER,**

NO LAW, THEORY OR PUBLIC POLICY, WHETHER SET FORTH IN THIS SECTION 12.2 OR OTHERWISE, SHALL BE GIVEN EFFECT WHICH WOULD UNDERMINE, DIMINISH OR REDUCE THE EFFECTIVENESS OF THE WAIVER OF SPECIAL CLAIMS PROVIDED IN SECTION 6.6, IT BEING THE EXPRESS INTENT, UNDERSTANDING AND AGREEMENT OF THE PARTIES THAT SUCH WAIVER IS TO BE GIVEN THE FULLEST EFFECT, NOTWITHSTANDING ANY PRE-EXISTING DEFECT OR THE NEGLIGENCE (WHETHER SOLE, JOINT OR CONCURRENT), GROSS NEGLIGENCE, WILLFUL MISCONDUCT, STRICT LIABILITY OR OTHER LEGAL FAULT OF ANY PARTY OR OTHERWISE.

12.3 Choice of Venue.

Contractor and Company agree that the United States Bankruptcy Court for the Northern District of Texas shall have exclusive jurisdiction over any disputes arising out of or relating to this Contract, including the enforcement thereof.

12.4 Notices.

All notices and correspondence required or permitted to be given by one Party to the other hereunder shall be made in writing and shall be delivered to the appropriate Party at the address specified below either by hand, by nationally recognized overnight delivery service or by email transmission, with copies to such other parties or addresses as a Party may designate by notice, unless a different address for notice or copy thereof is changed by notice. Notices sent by personal delivery or nationally recognized overnight delivery service shall be deemed to have been received upon the recipient's actual receipt of such notice. Notices sent by email transmission shall be deemed to have been received (i) on the date such transmission was sent if it was sent prior to 5:00 p.m. (at the recipient's local time) on a business day; or (ii) on the next business day following the date such transmission was sent if it was sent after 5:00 p.m. (at the recipient's local time) on any business day or at any time on a non-business day.

If to Contractor:

Attn: _____

Telephone: _____

Email: _____

If to Hoactzin:

Hoactzin Partners, L.P.

_____, Suite ____
Houston, Texas 77____
Attn: _____
Telephone: (____) ____ - ____
Email: _____@____.com

12.5 Force Majeure.

All obligations imposed by this Contract on each Party, except for obligations to pay money or to provide indemnity, shall be suspended while compliance is prevented, in whole or in part, by an event of *force majeure*. As used herein an event of *force majeure* shall mean any of: a labor dispute, fire, flood, war, civil disturbance, act of God (excluding Downtime Due to Weather Conditions as defined in Section 4.2); a change in laws or governmental rules, regulations or orders, an inability to secure materials or an inability to secure government permits from the BOE or any other governmental agency as required for the Work, or any other cause, whether similar or dissimilar, beyond the reasonable control of the Party claiming that its compliance has been prevented by such event of *force majeure*. Notwithstanding the foregoing, such Party shall resume performance within a reasonable time after such event of *force majeure* has ended or been removed, or such Party is able to overcome the prevention caused by such event; provided, however, that no Party shall be required, against its will, to settle any labor dispute so as to overcome such event of *force majeure*. If a Party's obligations are suspended under this Section 12.5, such Party shall immediately notify the other Party and give full particulars of the reasons for such suspension.

12.6 Severability.

If any provision, or portion thereof, of this Contract, or the application thereof to any particular circumstance is held or deemed void or invalid, the remaining provisions and portions of this Contract, and the application of the provision or portion to circumstances other than those as to which it has been held or deemed void or invalid, shall not be affected thereby.

12.7 Entire Agreement.

The exhibits and schedules referred to within and attached to this Contract are each hereby incorporated herein as though each such exhibit or schedule were fully set forth in each Section that refers to such exhibit or schedule. This Contract constitutes the entire agreement between the Parties hereto with respect to the matters covered hereby, and supersedes all prior negotiations, representations, and agreements with respect thereto.

12.8 Amendments.

This Contract may be modified or amended only by a written instrument duly executed on behalf of each of the Parties.

12.9 No Waiver.

No waiver or waivers by either Party of any breach or default of any provision hereunder shall be deemed a waiver of any other provision hereof or a waiver of any subsequent breach or default. No payment made under this Contract (i) shall be, or be construed to be, final acceptance or approval of that part of the Work to which such payment relates or any other part of the Work, (ii) shall relieve Contractor of any of its obligations hereunder with respect to the Work or any party thereof, or (iii) shall constitute a waiver of or otherwise affect the covenants and warranties of Contractor.

12.10 Work Site Access.

Only the authorized personnel of Contractor, Company or proper governmental agencies shall be permitted access to any premises where Work is being performed under this Contract. Contractor shall take such action reasonably and necessary to prevent unauthorized persons from entering such premises. Notwithstanding the foregoing, Company shall have the right to have at least two (2) representatives present at any site where Work is being conducted in accordance with this Contract; and such representatives shall be given sufficient work space, accommodations, and meals to appropriately monitor the Work.

12.11 Captions.

The captions used in this Contract are for convenience only and shall in no way define, limit, or describe the scope or intent of this Contract or any part thereof.

12.12 No Election of Remedies.

The exercise of any rights under this Contract by either Contractor or Company shall not be deemed to be an election of remedies but shall be in addition to such Party's other legal rights, remedies and/or obligations as otherwise provided under this Contract.

12.13 Counterparts.

This Contract may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same instrument.

12.14 Survival.

All provisions of this Contract that cannot be performed before the expiration or termination of this Contract, including, without limitation, the indemnity and confidentiality provisions contained herein, and all representations, promises, releases, and indemnities under this Contract, and including specifically the provisions of Sections 5.9, 5.10, 5.11, 5.12, 6.6, 12.2, 12.3, 12.6, and 12.12 and Articles VIII and X, shall survive the expiration or termination of this Contract.

12.15 Bankruptcy Court Approval

The Company's obligations under this Contract are subject to the approval of the United States Bankruptcy Court.

[Signature Page to Follow]

IN WITNESS WHEREOF, COMPANY AND CONTRACTOR HAVE ENTERED INTO
AND EXECUTED THIS CONTRACT EFFECTIVE AS OF THE __ DAY OF _____ 2020.

COMPANY:

HOACTZIN PARTNERS, L.P.

By: _____
Name: Anne Elizabeth Burns
Title: Chapter 7 Trustee
Case No. 19-33545-sgj-7
Pending in the United States Bankruptcy Court
For the Northern District of Texas
Date: _____

CONTRACTOR:

By: _____
Name: _____
Title: _____
Date: _____